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Herman Knudsen*

European Works Councils – Potentials and Obstacles on the Road to Employee Influence in Multinational Companies**

Abstract – The theme addressed by this article is the opportunities for European Works Councils (EWCs) of gaining influence on corporate decisions in multinational companies (MNCs). The first part introduces the European Union Directive on European Works Councils as well as debated themes and previous research on EWCs; further it discusses the concept of supranational employee influence as distinct from employee influence at plant and national level. In the second part of the article findings from Danish research on EWCs are presented and analyzed; the focus is on employee influence and factors inhibiting employee influence. The research is based on surveys among Danish EWC representatives as well as among managers in Danish based MNCs. It is found that the level of employee influence through EWCs is relatively low. Attempting to explain this the article further identifies a number of factors tending to inhibit the formulation and articulation of employee interests at the supranational, European level. In the concluding part of the article the findings are summed up and their relevance for EWCs in general are discussed.

Europäische Betriebsräte – Potentiale und Hindernisse auf dem Weg zur Arbeitnehmerbeteiligung in multinationalen Unternehmen

Zusammenfassung – Das in diesem Beitrag behandelte Thema sind die Chancen für Europäische Betriebsräte (EBR), Einfluss auf korporative Entscheidungen in multinationalen Unternehmen (MNU) zu nehmen. Im ersten Teil werden neben der ~~Direktive~~-Richtlinie über EBR die relevanten Themen früherer Debatten und Untersuchungen über die EBR vorgestellt, des weiteren das Konzept des supranationalen Einflusses, im Vergleich zu dem auf betrieblicher und nationaler Ebene, diskutiert. Der zweite Teil präsentiert und analysiert die Ergebnisse einer dänischen Untersuchung über EBR. Die Ergebnisse verdanken sich einer Befragung von dänischen EBR-Mitgliedern und Managern in dänischen MNU. Es zeigt sich, dass das Niveau des Arbeitnehmereinflusses durch EBR relativ niedrig ist. Im Bemühen, dies zu erklären, werden eine Reihe von Faktoren identifiziert, die Formulierung und Artikulierung von Arbeitnehmerinteressen auf supranationaler Ebene behindern. In der Konklusion werden die Ergebnisse resümiert und auf ihre Bedeutung für die Institution der EBR diskutiert.

Key words: **European Works Councils, Employee Participation, Employee Participation in Multinational Companies, European Industrial Relations**

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1. The European Works Councils Directive

After two decades of discussion and several failed initiatives, the European Works Council (EWC) Directive, adopted by the European Union in 1994, represented a landmark regarding information and consultation of employees in multinational companies.

This piece of regulation was justified in general by the promise made by European policy-makers of adding a social dimension to the European single market – a project that had been adopted in 1987 in spite of considerable scepticism within the European labour movement (Knudsen 1995). While the directive was presented as a concession to demands from the labour movement, the European Commission also stressed that it could help to build a new balance in the single market: It was argued that without structures for transnational information and consultation employees in one country “affected by decisions taken elsewhere by the parent undertaking...could be unequally treated” which “is bound to have a direct effect on the operation of the internal market” (CEC 1990). Confronted by strong opposition from employer organizations and individual multinational companies (MNCs), the Commission further argued that the dialogue between EWCs and managements would be likely to promote worker involvement and commitment and thus productivity (quoted by Kolvenbach/Hanau 1987-).

The directive on European Works Councils applies to companies or groups of companies with more than 1000 employees (and at least 150 employees in two different countries) within the European Economic Area (EEA = the 15 EU member states + Norway, Iceland and Liechtenstein). Such multinational companies, no matter whether they are based in EEA countries or outside (in for instance the US or Japan), are obliged to set up an EWC if requested to do so by the employee representatives. The EWC may be an employee-only body or a joint body for management and employee representatives.¹ It is entitled to be informed and consulted by the central management on strategic issues as well as employment issues in so far as these involve employees in more than one country; typically therefore for example restructuring involving the relocation of jobs have to be taken up with the EWC.

The normal procedure for instituting an EWC is an agreement based on prior negotiations between employee representatives and the central management of the company. Such a procedure is in line with the increasing influence of the subsidiarity principle on EU social regulation (Schiller 1998). However, although flexible and open to national as well as company-specific interpretation, the directive does include elements of ‘hard’ regulation, i.e. statutory obligations to be respected by management. Thus, if management refuses to negotiate, or if negotiations do not result in an agreement

¹ In this article the concept EWC either denotes an employee-only body or the employee side of a joint body. The rights granted in the EWC directive are in any event given to employee representatives. In practice, there may be little difference between an employee-only body entitled to meet with management, and the employee side of a joint body, as most EWC agreements allow the employee side to have their own meetings besides the joint meetings with management.

within three years, the company is still obliged to finance the operations of an EWC and to meet with it at least once a year. This is spelt out by the so-called subsidiary requirements of the directive; they apply directly in situations where management refuses to conclude an agreement or where the negotiating parties fail to reach an agreement.

The directive entered into force in the member states in 1996. By 2002 more than 600 EWCs were in existence (Kerckhofs 2002, based on the database of the European Trade Union Institute²). With on average 18 employee representatives on each EWC (Marginson 1999) this amounted to 10,800 employee representatives with tasks at the transnational level. Generally, it is the larger MNCs rather than the smaller ones that have established EWCs. This is mainly due to the fact that trade union efforts have mainly targeted the larger companies (although trade unions are not mentioned in the directive, in reality they play a decisive role by urging employee representatives to initiate negotiations with management). It is not likely that all MNCs covered by the directive – estimated at 1865 by Kerckhofs (2002) – will establish EWCs, as in some cases neither employee representatives nor management take any initiative. Still, during the next few years the number of European representatives will probably increase to about 20,000, so at least numerically this new body in European industrial relations is certainly not insignificant.

2. Perspectives and research on European Works Councils

Already at an early stage, observers of the birth of the European Works Council tended to be divided into 'Euro-pessimists' and 'Euro-optimists' (Dølvik 1997). This division is to a large extent related to the application of different frames of reference. The pessimists tend to perceive EWCs as part of a pattern of a weak and incomplete European regulation compared to more labour-friendly regulation found in some of the member states. Streeck (1997) judging from a critical German perspective thus dramatically claimed EWCs to be neither works councils nor European. Further he argued that because of their weak foundation, EWCs may actually – through the mechanism of regime competition – help to undermine national representation systems and rights. Contrary to this, British observers have been more prone to compare with British institutions, and in that perspective even modest European regulations have given rise to optimism (see for instance Wills (2000) for a list of 'great expectations').

Divergent views not only appear as optimism or pessimism based on more or less explicit comparisons with existing national institutions and discourses. Observers also diverge as to how much they expect EWCs to achieve in terms of efficient and solidaristic interest representation. Some seem to expect from them nothing less than genuine international worker solidarity – certainly a high expectation in as much as consistent worker solidarity across different workplaces is hardly the norm even in the best organized national systems. Others display more modest expectations, such as that

² From my research on Nordic and in particular Danish based EWCs it is my experience that the list of EWC agreements registered by the ETUI database is incomplete. Thus, the number of EWCs calculated by Kerckhofs (2002) is most likely underestimated.

EWCs should be able to organize a dialogue – with management and internally between employee representatives – which may be advantageous to all parties involved.

High expectations tend to lead to pessimist research results as exemplified by these concluding remarks from a case study (Wills 2000: 103):

“The EWC studied indicates that, as yet, these new European structures for international trade unionism have not facilitated widespread collective action, mass protest or even an embryonic collective consciousness at this level”.

Instead of the bi-polar pessimist or optimist positions a more open-ended and searching approach has been advocated by a number of researchers (for instance Hyman 2000; Beaupain *et al.* 2001; Knudsen/Bruun 1998; Lecher *et al.* 1999; Marginson 2000). Here it is stressed that new opportunities have appeared with the EWC directive; and it still remains to be seen how these opportunities are seized and exploited by various groups of social actors.

Over the last decade research on EWCs has moved from dealing with the expectations arising from the formal rules of the directive (e.g. Knutsen 1997; Streeck 1997), or the formal texts of EWC agreements (Marginson *et al.* 1998; Marginson 1999), to focusing on the actual functioning and practice of EWCs. In particular, since 1999 a large number of articles and a few books have reported on the latter. Most of the studies have been case studies (e.g. Hancké 2000; Lecher *et al.* 1999; Lucio/Weston 2000; Whittall 2000; Wills 2000), but a few studies based on surveys/questionnaires have also been conducted (Miller 1999; Nakano 1999; Veersma 1999). A comprehensive review of the EWC research literature has been elaborated by Müller/Hoffmann (2001).

In an attempt to sum up the major research findings on the functioning of EWCs Beldam and Knudsen (2001) compared these findings with the original expectations attached to the EWC directive by the main social actors involved. In brief, it was found that employer expectations of a number of harmful effects of EWCs had not been confirmed; on the contrary, many MNCs seem to exploit its contact with the EWC as a useful management instrument. There was also evidence tending to substantiate the expectation of EU policy-makers, namely that the establishment of EWCs could lead to more harmonious industrial relations in MNCs. However, there was no strong evidence that could support the trade union expectation of EWCs as instruments for increased influence to employee representatives on corporate decisions in MNCs. On this issue, which is the specific theme of this article, most research findings indicate a low degree of influence and point at weak and fragmentary structures for interest representation in the EWCs (see for instance Lecher *et al.* 1999; Hancké 2000).

One of the few studies that has attempted to systematically measure the degree of EWC influence – understood as the EWC’s impact on corporate management decisions – was a case study in eight UK- and US-based MNCs (Marginson *et al.* 2001). This study found that in six of the companies the EWC had to a certain extent had an impact on the *process* of decision-making, in four cases the EWC had influenced the *implementation* of management decisions, but only in one case had the EWC had an impact on the *substance* of decisions. Among the achievements of this latter EWC was the conclusion of an agreement aimed at regulating the terms of employment during a phase of restructuring (Marginson *et al.* 2001).

A similar conclusion was drawn at the EU sponsored conference in Aarhus in November 2002, which brought 350 EWC representatives together. The evidence suggested that while many EWCs function in a way that falls below the standards of the directive only a small minority has reached a position where they are able to influence the decisions of corporate management (Knudsen 2003).

Before the presentation of my own empirical findings the next section will go deeper into the question of EWC based employee influence by discussing theoretically the concept of employee influence at the supranational level.

3. The specifics of supranational employee influence

The EWC directive is not a strong statutory base for employee influence, as it contains no provisions granting employee representatives the right to negotiate with management or to take decisions jointly with management (co-determination). Formally, opportunities for influence exclusively rests on the obligation of the central management to inform and consult the employee representatives on the EWC on a range of issues. The representatives may exploit the information given as a source for constructing a more precise picture of the company and its strategy and plans, and this may lead to the formulation of more adequate responses to management's plans. Consultation and dialogue with management may lead to influence in the sense that management takes proposals and ideas put forward by employee representatives into account and modify management decisions accordingly. In cases where both sides are interested, consultations may develop into informal negotiations and the conclusion of informal or formal agreements (examples of this are given by Hermann/Jacobi 2000). Thus, information and consultation processes provide *opportunities* for employee influence. However, whether these opportunities are exploited and leads to real influence depends very much on the good will of management as well as the activity of the employee representatives.

Influence on decision-making may be defined as the achievement of certain outcomes or effects which would not have been achieved without an effort to intervene in the decision-making process; at the same time the outcomes achieved must be deemed favorable or advantageous by the influence-seeking person or group. Influence for the employee side may be achieved at the expense of management interests or in a setting where both parties are able to gain from the particular decision. Whereas the former, adversarial, type of influence is typically connected to collective bargaining, the latter, co-operative, type is more likely to occur in structures geared to participation and cooperation (Crouch 1993; Knudsen 1995).

Because of the multi-plant and multi-national character of the EWC, it is relevant to distinguish between influence gained by the EWC as a collective actor (or perhaps by the EWC's chairman or select committee acting on behalf of all representatives) on the one hand, and influence gained by individual EWC representatives on the other. The crucial point here is whether employee interests are represented in a parochial and fragmentary way by the individual representatives or whether the EWC has managed to develop a common identity where interests are aggregated at the supranational level. In the latter instance, the influence achieved expresses international solidarity between the workforces represented on the EWC. In the former instance, the pursuit

of influence may also be an expression of international solidarity, spontaneously so to speak. However, if employee representatives see themselves as representing only their own, local constituency and interpret interest representation in a parochial way, they may pursue influence in competition with and possibly at the expense of other workforces within the MNC. Thus, Hancké (2000: 55) concludes from his case studies of EWCs in the car industry that:

“Not only are EWCs relatively unimportant in building up international union strength; local trade unionists seem to use the EWCs to do the opposite: to obtain information that can be used in the competition for production capacity with other plants in the same company”.

In this example the influence gained through the EWC by the representative from one plant actually seems to result in negative influence for the totality of workforces represented on the EWC. Hancké explains in some detail how management exploits the competition between workforces through rounds of concession bargaining in which concessions given by workers in one plant (for example on working time flexibility) become arguments for management when negotiations are started in the next plant. Inter-plant competition of this kind may of course be promoted and exploited by management irrespective of the existence of an EWC, but to the extent that Hancké's observations hold true, the EWC may actually help to strengthen rather than weaken this oppressive mechanism.

The task of securing that locally based interest representation develops into forms which are not just effective in the local context, but also coordinated with the collective interests of all workforces within the particular MNC, is no doubt the biggest challenge EWCs are confronted with. It is so to speak the moment of truth for international solidarity.

One particular type of parochial pursuit of influence that has been discussed by several observers, is ‘alliances’ between corporate management and employee representatives from the parent company or generally from the home country of the MNC (Elvander/Elvander 1995; Knudsen/Bruun 1998; Lecher *et al.* 1999). Lecher *et al.* (1999: 222-23) describe the ‘home advantage’ in this way:

“As a rule, EWC representatives from the home country form the single largest contingent – a dominant position which endows a feeling of security. They also usually have recourse to national structures of representation to obtain information and influence on group-level decisions.”

Elvander/Elvander (1995) describe a situation where Volvo had to cut down production. Through local initiatives the influential employee representatives at the main plant in Gothenburg managed to obtain a promise from management that no jobs would be lost there. Instead job losses were ‘passed on’ to the Uddevalla factory located elsewhere in Sweden and to a foreign subsidiary. Although these events took place before the establishment of an EWC at Volvo, the example demonstrates a type of practice that can easily continue, in spite of the existence of an EWC and with the risk of creating internal divisions within it.

From the examples and arguments above it follows that the road to employee influence at the supranational level is closely connected with the process of constituting and maintaining the EWC as a collective actor. This process requires continuous

communication, supranational interest aggregation and the development of a common perspective among the EWC representatives. It also requires representatives to share the belief that solidarity can be extended to the supranational level, even if language and cultural barriers make this a much more demanding project than the achievement of solidarity at local or national level.

After this discussion of the concept of employee influence and the specifics of supranational employee influence I will now move to the empirical findings and a discussion of these.

4. Supranational employee influence – as experienced by Danish actors

4.1 Data and methodology

Data on practices and attitudes of EWC representatives and managers involved with EWCs were collected by a colleague (Ole Ravnholt Sørensen) and myself. The aim of the study was to provide broad knowledge on how EWCs function and are experienced by Danish EWC representatives as well as by managers of Danish MNCs; a more specific aim was to assess the training needs of EWC representatives. Survey data were collected during the summer and autumn of 1999 via a questionnaire sent to all Danish EWC employee representatives (111 of whom 85 responded). Another questionnaire was sent to top managers in the 27 Danish based MNCs that at that time had established an EWC; here 17 responded. The general findings of the study were reported by Knudsen and Sørensen (2000). In this article only selected data related to the issue of employee influence are analyzed.

In the following sections the relevant parts of the comprehensive empirical material collected for the study will be analyzed specifically with regard to the following two themes:

- the extent and degree of influence achieved by EWCs
- obstacles and barriers to supranational employee influence as evidenced by the research.

Due to the low population, the data from the employer survey has not been broken down into any sub-categories. However, it may be mentioned that 13 of the 17 respondents came from manufacturing industry. As to the survey among employee representatives – which provide the input to the analyses of obstacles and barriers presented below – data were broken down into a number of structural as well as actor variables. The structural variables were company size (measured by size of employment), sector, and country of origin of the MNCs in which respondents served as EWC representatives. The actor variables were:

- seniority as EWC representative (< one year, 1-3 years, > three years)
- position on EWC (lay members versus 'office holders' such as chairmen and vice-chairmen or members of select committee)
- extent of face to face communication between EWC members (representatives who had taken part in an arrangement with the aim that representatives of the EWC learn to know each other, versus representatives who had not).

Due to the small size of the relevant sub-populations, no attempt has been made to apply advanced statistical methods to the analyses of data. In the presentation below

responses are reported either as absolute figures (the employer survey) or as relative figures (the employee side survey). Tables primarily report the responses of the total population; the structural and actor variables are only included in so far as responses from the various sub-groups differ substantially.

4.2 Danish EWC representatives – a brief profile

Among the 85 responding employee representatives 29 per cent were women. All but one were members of a trade union – 86 per cent were members of trade unions affiliated to the LO³-, while the rest belonged to unions organizing for example engineers, salespeople, trilingual secretaries, and foremen. At least three out of four served as local trade union delegates (shop stewards) and also held seats on local cooperation committees.⁴ 30 per cent were joint shop stewards, 35 per cent member of a group cooperation committee in Denmark, and 42 per cent held a position as employee elected representative on the company board. Thus, generally the EWC representatives elected were among the most experienced local trade union delegates.

The distribution of the 85 EWC representatives in terms of the variables mentioned above was as follows:

- *Country of origin of MNC/EWC:* 47 per cent served on EWCs in Danish based MNCs, while 53 per cent were seated as Danish representatives on EWCs belonging to MNCs based in other countries, notably Swedish, British, Swiss and German based groups.
- *Size:* 32 per cent were employed in MNCs with more than 20,000 employees while 68 per cent were in smaller MNCs.
- *Sector:* 41 per cent came from EWCs in manufacturing industry, 15 per cent from construction, 13 percent from drink, food and tobacco, and 11 per cent from pharmaceutical and chemical industries.
- *Office holders versus lay members:* 13 per cent of the representatives held a position as president or vice-president of the EWC, and 22 per cent were member of the EWC's executive committee or steering group; 71 per cent were lay members.
- *Seniority:* 17 per cent had less than one year of seniority, 48 per cent had between one and three years, and 35 per cent had served on the EWC for more than three years.
- *Extent of communication:* 50 per cent had taken part in a 'get together' with their EWC colleagues, 50 per cent had not.

4.3 Extent and degree of employee influence

In the employer survey managers were asked what issues had been treated at meetings between the EWC and management and to what extent and degree the EWC had had an impact on corporate management decisions. The results are shown in table 1.

³ Landsorganisationen i Danmark: the by far largest trade union confederation in the country, representing mainly workers.

⁴ Cooperative committees are the Danish equivalent for works councils.

Table 1: Issues treated at meetings between EWCs and management, and impact of EWC on corporate management decisions – as assessed by management representatives (n = 16)

	Treated at Meetings	No impact	Small impact	Some Impact	Great impact
Corporate strategy	16	14	-	2	-
Corporate structure	15	15	1	-	-
Investments	10	14	2	-	-
EWC budget & resources	2	14	1	-	1
Personnel policy	9	12	3	1	-
Training	8	12	2	1	-
Health and safety	5	13	2	1	-
Transfer of jobs	8	11	5	-	-
Closure of plants	9	12	4	-	-
Job losses	8	11	4	1	-
Opening of plants	10	16	-	-	-
Out-sourcing	5	14	1	1	-
Employment security	4	14	1	1	-
Pay policy	-	16	-	-	-
Recognition of unions	2	16	-	-	-

Table 1 demonstrates that issues mentioned by the directive such as corporate strategy, structure, investments and aspects associated with restructuring appear relatively frequent on the agenda. However, other issues, notably personnel policy, training, and health and safety are also treated. As to the extent and degree of influence of EWCs – as measured as impact on management decisions – it appears that in most Danish based multinationals EWCs have not had any substantial influence, according to the management representatives. To complete this picture it must be added that those managers reporting some sort of EWC impact on management decisions were clustered within one half of the population whereas the respondents representing the other half reported 'no impact' on all the issues mentioned. This indicates substantial variations in the way EWCs are functioning in relation to corporate decision-making.

The fact that half of the managers reported no impact whatsoever may also be interpreted as an expression of a distinct bias on the part of some of the management respondents. European as well as national employer organisations were very much opposed to the EWC directive, which was perceived as a constraint to management prerogatives (Knudsen 1995). Although employer organisations have now given up their resistance and instead are advocating a pragmatic adaptation to the terms of the directive there is still a great awareness of management prerogatives. According to employer organisations, EWCs should not develop into anything else than fora for information and consultation. Hence, managers admitting that the EWC has an impact on management decisions are in fact expressing a deviant view contradicting the line defined by employer organisations. For this reason, the influence of EWCs on management decisions may be somewhat higher than reported by the managers.

This indicated bias appears clearer if we compare the responses given by employer and employee representatives respectively to the question whether any agree-

ments had been concluded between the EWC and management. To conclude an agreement is obviously to go beyond mere information and consultation and a clear sign that some element of influence has been conceded to the EWC. Among the management representatives everyone replied that no agreements concerning labour and employment conditions had been concluded. On the employee side, however, 17 per cent (13 respondents) reported that one or more agreements had been concluded. Some of these agreements may be disregarded as they dealt with the functioning of the EWC itself and may thus be seen as following up on the agreement that introduced the EWC in the group. But other agreements dealt with various aspects of labour and employment conditions; among the issues mentioned were: transfer of production, closures and openings of plants, bonus payment, employment security, social responsibility, and training.

This evidence from the employee side leads to two considerations concerning the extent of EWC influence. First, that it may be a bit higher than indicated by table 1, and, second, that the two sides seem to interpret the outcomes of discussions at EWC-management meetings differently. While managers may admit that consultations have had a certain impact on management decisions, employee representatives may tend to interpret positive outcomes as a sign that a traditional road to influence, negotiations leading to agreements, has been applied.

The main conclusion, however, at this stage is that most EWCs have not achieved any influence on corporate management decisions; this finding is in line with the findings of other studies presented earlier. On the basis of evidence from the Danish survey among employee representatives the rest of this article will discuss *why* the influence is limited. I must stress here that the data from the two surveys do not supply any 'hard' evidence able to unveil the reasons for the relatively low degree of influence. Rather, we have to do with indicators that give relevant information and are suitable for formulating some hypotheses or tentative explanations, which will have to be investigated in further research.

4.4 Obstacles to EWC influence

An easy answer to explain the lack of influence of EWCs would be that the directive and the agreements implementing the directive at company level do not provide an adequate instrument for influence. However, this does not correspond with the views held by EWC representatives, cf. tables 2 and 3.

Table 2: "The EWC directive provides a good framework for cooperation with the group management" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	10	48	25	3	14	84

Table 3: "Our EWC agreement provides a good framework for cooperation with the group management" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	27	58	8	3	4	84

Although other questions revealed the majority of EWC representatives would like improvements to the directive as well as the company-specific agreement, not least in terms of stronger formal rights to influence, tables 2 and 3 show that neither directive nor agreements are seen as serious obstacles to cooperation with management. It may be objected that 'cooperation' does not equal 'influence'; however, in Danish industrial relations language cooperation between employees and management *does* imply a certain degree of influence sharing.

Another obvious reason for the lack of influence could be management resistance. Yet, table 4 indicates that most representatives do not perceive management as a serious obstacle to employee influence. In particular this is the case in Danish based MNCs and smaller MNCs.

Table 4: "Group management takes the proposals and ideas we put forward into account" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	27	41	16	7	9	81
Reps. in Danish based MNCs	38	38	16	3	5	37
Reps. in MNCs based abroad	19	47	16	9	9	43
MNCs < 20,000 Employees	39	48	4	-	9	52
MNCs >20,000 Employees	21	39	22	11	7	25

Similarly, most respondents were satisfied with the resources made available by management for their EWC related activities; for instance only 11 per cent found that they were not given sufficient paid time off.

The results presented in table 4 suggest that a clear majority of EWC representatives see a potential for achieving influence through the EWC. Hence, the next question is: Why has this potential not been realized in a majority of EWCs?

In the first instance an explanation may be sought in the activity level and motivation of the EWC representatives themselves. Tables 5-7 provide some data on this.

Table 5: "How often are you in contact with your EWC colleagues (via telephone, fax, mail, letter or meeting)?" (per cent)

	>< once per week	App. once per week	App. once per month	Only at Meetings	N
All reps.	7	13	45	35	83
Office holders	10	31	59	-	28
Reps with >3 years seniority	7	20	40	33	30

From table 5 it appears that one third of EWC representatives are only in contact with the colleagues on their EWC at meetings. This typically means once per year as the vast majority of EWC agreements stipulate one yearly meeting where the EWC meets

internally as well as with management. At the other extreme only one out of five representatives are in contact with EWC colleagues on a weekly or more frequent basis, although the contact frequency is clearly higher among those who hold a chair such as chairman, vice-chairman or member of the EWC's select committee. The table also demonstrates that contact frequency does not increase substantially with seniority on the EWC. These findings indicate internal communication to be so weakly developed in many EWCs that a coherent attempt to aggregate interests and seek influence on corporate decisions can hardly take place.

Table 6: "The employee side (the EWC) has not done enough to achieve influence" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	17	42	23	16	3	80
Reps with >3 years seniority	25	46	18	7	4	28
Reps in MNCs based abroad	12	38	33	17	-	43

As shown in table 6, more than half of the respondents agreed that the EWC has not done enough to achieve influence, and among those who had served for more than three years on the EWC as many as 71 per cent did so. This is remarkable because it indicates that the lack of influence of EWCs is not due to the mere novelty of the EWC institution, but seems to have deeper and more persistent causes. Representatives in MNCs based abroad were less prone to agree with the statement. This may be interpreted as owing to the fact that for them the EWC provides the only access to group management – contrary to the representatives in Danish based MNCs who may also exploit the national participation structures (representation on company board and central works council).

Table 7: "EWC work plays a very small role compared to shop steward work in Denmark" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	18	43	21	16	2	84

Table 7 attempts to measure the relative importance attached to EWC activities by the representatives compared to trade union activities at the local level. Although the replies are quite divided a clear majority perceive the role of the EWC as less important than the role as a representative at local level.

At this stage, it is obviously relevant to ask: How are the representatives motivated with respect to EWC activities? Apparently, they are only weakly motivated by their constituency, for two out of three representatives agreed that 'most colleagues show no interest in the work of the EWC', and four out of five agreed that it is 'difficult for the colleagues to understand what goes on in the EWC'. Contrary to this, the vast majority felt that they get good support from other local trade union delegates; four out of five agreed that 'my shop steward colleagues see the work of the EWC as

an important part of trade union work'. As to support from national trade union organisations the opinions were divided. A majority of the representatives found they got the support they need. However, there was also a majority in favour of the proposition that the national unions should put more resources into supporting the EWCs. In particular, this majority wanted the unions to supply more information about the nature of tasks to be solved by EWCs, to help make the EWCs more visible, and to arrange training for people interested in being elected to an EWC.

Unfortunately, the survey did not cover the theme of political guidance from the trade unions. However, from the literature it is well known that trade unions across Europe have diverging views on what role the EWCs should play (Lecher et al. 1999; Müller/Hoffmann 2001). In Denmark as well as other countries unions have expressed fear that EWCs may develop into agents for collective bargaining and thus threaten the strong role of unions in national bargaining structures. Due to this, in some respects trade unions have tended to constrain rather than promote the role of EWCs in industrial relations – as described succinctly by a trade union officer responsible for servicing EWCs (Odgaard 2000):

“When on rare occasions we have taken an interest in the activities and tasks of the EWCs, the starting point has been to contain the activities of the EWCs. We have been good at telling what the EWCs shall not deal with, and we have been bad at telling them what they shall deal with. We have never attempted to draw up a proper trade union strategy defining the tasks and issues that EWCs must try to promote” (my own translation, HK).

It seems that EWCs here almost take on the role of the ugly duckling as described in the fairytale by Hans Christian Andersen! Logically, we also here have a good explanation for the relative passivity of Danish EWC representatives and the low priority most of them attach to EWC activities. For as already mentioned the vast majority of EWC representatives are experienced trade union delegates – people who are used to rely on the political guidelines given by their unions as a major point of orientation. When the signal from the union is ‘stop’ rather than ‘go’ they are certainly not reinforced to go for supranational influence through the EWC.

Until now the search for explanations of the relative lack of employee influence through EWCs has only dealt with explanatory factors at the national level. It has been established that on the surface low influence may be explained by low activity among EWC representatives and the relative low priority given to EWC activities. Further, it has been argued that on a deeper level lack of interest among the colleagues at the workplace and constraining signals from national trade unions are likely to play a de-motivating role. What have not been treated are the specific problems arising from the fact that the EWC is a multi-national body. The next section attempts to remedy this.

4.5 Obstacles due to multi-nationality

In the employee side survey a number of questions addressed the fact that EWCs are multi-national, multi-lingual and multi-cultural bodies of interest representation. Interest aggregation is complicated not just by the existence of a multitude of plants, but also by the multitude of countries these plants are located in. On most EWCs many

different native tongues are represented, and although most EWC agreements provide for translation between the relevant languages, language differences cannot but act as a barrier on efficient communication among EWC representatives. And even if language barriers are overcome, 'cultural' barriers remain. The European countries covered by the EWC directive have vastly different industrial relations systems and participation structures. Not just formal rules differ, so do formal and informal practices, for instance regarding meetings between managers and employee representatives (see for instance Hyman/Ferner 1998; Knudsen 1995; Lecher et al. 1999).

As shown in table 8 only a minority saw differences in interests among employees as a serious obstacle. However, it is noteworthy that a majority of those who are most engaged in EWC work, 'office holders', agreed that such differences do create problems for the formation of agreement within the EWC. Still, very few 'fully agreed', so a plausible interpretation is that many see diverging interests as a problem, yet as a problem that can be overcome.

Table 8: "We have difficulties in agreeing because we have different interests" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	4	34	37	20	6	81
Office holders	7	63	17	13	-	23

Another question attempted to test whether the problem of alliances between representatives from the home country of the MNC and group management was seen as a widespread phenomenon. The results displayed in table 9 indicate that less than a third see a problem in this respect. Responses from representatives in Danish based versus EWCs based abroad did not vary substantially. This finding does not disqualify findings from other research identifying alliances between employees and management from the home country of the MNC. However, it does tell us that most EWC representatives do not see such possible alliances as a problem for the cooperation in the EWC.

Table 9: "The employees in the home country of the group run their own show together with the group management" (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	4	25	24	37	10	80

Being aware that language and cultural differences *are* obstacles to the cooperation among EWC representatives we deliberately chose to formulate strong statements concerning the significance of these factors – by asking whether they make 'effective cooperation *impossible*'. The answers are shown in tables 10 and 11. Here the communication variable is also included. As mentioned earlier the 'high communication' group is defined as those who had had the opportunity to be together with their EWC colleagues at a special arrangement with the aim of learning to know each other, whereas the 'low communication' group are those who had not had this opportunity.

It appears that close to half of the respondents view language problems and cultural differences as serious obstacles to an effective cooperation among the EWC representatives. However, it is also shown that the extent of communication within the individual EWC has a distinct impact on the degree to which these factors are seen as barriers to cooperation. In addition, regarding language a strong correlation was found between language skills – as assessed by the respondents themselves – and views held on language as a barrier to cooperation. Among those with ‘sufficient language skills’ 65 per cent disagreed that ‘language difficulties make effective cooperation impossible’, whereas among those with ‘insufficient’ skills only 31 per cent did so.

Table 10: “Language difficulties make effective cooperation impossible” (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	17	30	32	16	5	81
High comm.	10	29	40	17	4	42
Low comm.	26	31	23	15	5	39

Table 11: “Differences in ways of thinking/culture make effective cooperation impossible” (per cent)

	Fully agree	Partly agree	Partly disagree	Fully disagree	Don't know	N
All reps.	6	36	32	22	4	80
High comm.	7	29	31	31	2	41
Low comm.	5	44	33	13	5	39

To conclude: A substantial part-proportion of EWC representatives do experience the features connected with the multi-national character of EWCs as barriers to a smooth cooperation within the EWC. Differences in interests, language and culture *are* seen as obstacles to interest representation at the supranational level, and as such the may be added to the factors helping to explain the relatively low level of influence on corporate decisions. Yet, they are not given facts that cannot be changed. The findings suggest that through training and intensified communication their impact can be diminished considerably.

5. Conclusions

European Works Councils have been heralded as bodies that may grant employees a certain influence on decision-making in multinational companies. Case studies have indicated that employee influence through the EWC *is* possible, but also that many EWCs have not achieved any noticeable degree of influence. This impression is supported by this study, based on surveys among Danish EWC representatives and Danish managers responsible for contacts with the EWC. Influence – on issues such as corporate strategy, restructuring involving transfer of jobs and relocation of plants, personnel policy, training etc. – is a reality, but only in a minority of those Danish multinationals that have instituted an EWC.

Having established this, the study went on searching for explanations of the relative absence of EWC based employee influence. It was found that factors such as employer resistance or the formal rules of the EWC directive and the company specific agreements were not considered major obstacles to employee influence. More convincing – although still tentative in character – explanations were found by studying the actions and attitudes of the EWC representatives themselves. It appeared that most of them were relatively passive (in terms of communicating with each other); that they valued EWC activities as less important than local trade union activities; and that they felt they had not themselves done enough to achieve influence through the EWC. This seems to indicate that some de-motivating or discouraging factors are at play in their environment.

Discouraging factors were indeed found – as well in the local and national as the supranational environment of the EWC representatives. At work the EWC representatives meet only little interest in EWC activities among the colleagues, although their shop steward colleagues do take an interest in EWC issues. From the national trade union federations to which they belong they get unclear signals as to what EWCs should try to achieve. And on the EWC itself they encounter difficulties in overcoming barriers connected with language problems and differences in interests and cultural background. Yet, most representatives do not view ‘alliances’ between the representatives from the home country of the MNC and corporate management as a major problem.

The general conclusion of the study can be summed up briefly as follows: Low EWC influence is due to low effort, which again is triggered by a number of discouraging factors operating at local, national and supranational level. Discouragement seems to some extent to be structurally determined (company size, country of origin of MNC), but actor variables appear to have a stronger impact. In particular the density of communication within the EWC was found to impact considerably on whether differences in language, culture and interests were seen as major obstacles to internal cooperation among the EWC representatives. Hence, there is no reason to interpret the conclusion as lending support to pessimist attitudes to EWCs. If trade unions at national and European level develop coherent strategies for how and on what issues EWCs should seek influence, and if communication and training within the individual EWCs are intensified, EWCs will be much more likely to achieve influence on corporate decisions than they are today.

Can the results of this Danish study be generalized to non-Danish EWCs and EWC representatives? Not, in any strict sense. On the other hand, the findings concerning the extent and degree of employee influence do not diverge greatly from case study findings covering mainly German, French, Italian and British EWC representatives (Lecher *et al.* 1999; Marginson *et al.* 2001). However, perhaps the discouraging factors discussed above are at play in a stronger way in Denmark/the Nordic countries than in most other European countries. Danish workers and trade unions are among the most skeptical towards the European Union and EU institutions (Knudsen/Lind 1999). In a recent survey among EWC representatives from six countries (Ireland, UK, Netherlands, Germany, Sweden and Finland) Waddington (2003) found the Nordic representatives to be the least enthusiastic regarding EWCs. An

explanation for this cannot be found in Waddington's study; nor can it be found in this one. A plausible hypothesis could be that it is related to the relatively great influence of unions and their close cooperation with employers and employer organizations in the Nordic countries. To the extent that national participation structures are experienced as efficient, the need for interest aggregation and representation at the European level may be felt as less acute.

Finally, a comment is needed on the fact that the study presented here is based on data collected in 1999. This means that the experiences and views expressed in the data reflect the early phase of EWCs. It is likely that the quantitative strength of the factors indicating obstacles to employee influence would be weaker if the survey were repeated today. Actually, in December 2003 I had the opportunity to repeat one of the 1999 questions at a conference where 30 Danish EWC representatives were present. Now only three respondents (10 per cent) agreed with the statement that 'Differences in ways of thinking/culture make effective cooperation impossible' as against 42 per cent in the 1999 survey, cf. table 11. Yet, while this may indicate a positive learning process where obstacles preventing EWCs from functioning as efficient social actors are overcome, there is no reason to doubt that these obstacles are still at work to a considerable extent. It is not so much the quantitative data on obstacles to employee influence that has borne the argument of this article; it is rather the qualitative mechanisms illustrated by these data. So, I hope that the identification of mechanisms inhibiting EWC based employee influence at supranational level will prove fruitful for action as well as further research on this question.

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